

NOTES TO CHART OF ACCOUNTS

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Under "Notes" on the accompanying Definitions and Accounts (for both revenue and expense items) are references to special reporting requirements to be considered by homes in establishing general ledger accounts and subsidiary records.

Note

- A For internal management and for Medicare reimbursement purposes, additional accounts for subsidiary records may be required for the various individual services which comprise these services.
- B For internal management and for Medicare reimbursement purposes, additional accounts or subsidiary records by funding source may be required.
- C Separate revenue and expense accounts should be established for items where revenues or expenses exceed \$10 per bed per year.
- D Separate accounts and/or subsidiary records should be established to account for expenses relating to owners and related organizations as required to complete Schedule F.
- E Separate accounts and/or subsidiary records must be maintained for the expenses of any special fringe benefits applicable to owner-employees in order to complete Schedule F and in order to permit an equitable distribution of special fringe benefit expenses on Schedule A.

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- F Sufficient subsidiary records must be maintained.
- G Where there is commingling of costs or revenues there should be ongoing records and accounts that separate these costs or revenues. In the absence of specific records commingled cost or revenue should be separated on allocation basis that will produce reasonably accurate costs or revenues for the functions defined.

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In summary, while the Medicaid program prescribes the underlying accounting practices to be followed, it has provided the homes with a great deal of flexibility as to how their Chart of Accounts may be integrated with the recommended Chart of Accounts.

DEFINITIONS AND ACCOUNTS

These accounts are presented in accordance with the reporting requirements described for Schedules in the Reporting Section of these instructions. The use of the recommended accounts will facilitate the completion of the Schedules in the form required by the Medicaid program.

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EXPENSES - DEFINITIONS AND ACCOUNTS

Expenses are classified into two categories for reporting to the Medicaid program. These categories are defined as follows:

Routine Expenses/Services

All services provided by the facility that do not require physician orders except where physician orders require utilization of nursing staff, i.e., administering of medications and treatments prescribed by physicians. Services promulgated by the State which are not part of the all inclusive rate, even though routine, should not be included in costs; i.e., personal comfort items, etc. For more detail on routine services, see: FEDERAL REGISTER, VOL. 41, NO. 128, PART V, MEDICAL ASSISTANCE PROGRAM, SECTION 250.30(B) (III) (1) THROUGH (6) as follows:

- (B) Costs of routine services: Allowable costs shall include all items of expense which a provider incurs in the provision of routine services. Routine services means the regular room, dietary and nursing services, minor medical and surgical supplies, and the use of equipment and facilities. Examples of expenses that allowable costs for routine services must include are:

- (1) All services including but not limited to administration of oxygen and

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related medications, handfeeding, incontinency care, tray service, and enemas;

- (2) Items furnished routinely and relatively uniformly to all patients, such as patient gowns, water pitchers, basins and bed pans;
- (3) Items stocked at nursing stations or on the floor in gross supply and distributed or used individually in small quantities; such as alcohol, applicators, cotton balls, bandaids, antacids, aspirin (and other non-legend drugs ordinarily kept on hand), suppositories, and tongue depressors;
- (4) Items which are used by individual patients but which are usable and expected to be available, such as ice bags, bed rails, canes, crutches, walkers, wheelchairs, traction equipment, and other durable medical equipment (DME). If the patient requires specialized durable medical equipment that is not normally furnished by the long term care facility, the patient may utilize the services of a DME provider in accordance with Medicaid policies and procedures.
- (5) Special dietary supplements used for tube feeding or oral feeding such as elemental high nitrogen diet, even if written as a prescription item by a physician (because these supplements have been classified by the Food and Drug Administration as a food rather than a drug);
- (6) Laundry services other than for personal clothing.

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"Non-Routine Expenses"

Includes all expenses related to services rendered that are not included in the State's *per diem* reimbursement rates under Medicaid, such as laboratory tests, radiology, etc. Also included are miscellaneous expense items which do not relate directly to patient care.

The Medicaid program expects that costs reported in each category will reflect the services performed. It may be necessary to allocate costs appearing on certain general ledger accounts to several reporting categories. For example, if the organization of a home results in a single department for both the nursing and housekeeping functions and the personnel have been grouped under a single account called Nursing Services salaries, for reporting to the Medicaid program the housekeeping portion of the account should be reported under Housekeeping.

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EXPENSE ACCOUNTS

Routine Expenses

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ACCOUNT CROSS
REFERENCE (X)

A.
N.
H.
A. R & R NOTES

REPORTING *
SCHEDULE A
LINE COLUMN

ACCOUNT DESCRIPTION

2-5 * A
7-9, 11
22, 24, 26
28-30 & 33

Hours

This should represent paid hours for all employees, including hours paid and not worked for reasons such as vacation, holidays and sickness. For overtime pay include the straight time, but exclude premium hours. For nursing you are required to set up your accounting records to record:

- . Hours of contracted (non-employee) nurses, according to RN's, LPN's and Other. It is not requested to record hours for non-nursing contracted services.
- . Hours paid not worked, (vacation, holiday, etc.) separate from hours worked for schedule D reporting only.

1 B

General Fringe Benefits

Include the cost of fringe benefits that apply equitably to all employees. include the cost of employee benefits required by law, including employer's portion of payroll taxes, and employee benefits offered by contract or policy.

605, 615 604,614 F
701X,706 624,634X
711X,746 644X,654X
751X,776 734,744
781,786 754,764
791,801 804,807
811,821 817,844

- . Employee benefits currently required by law include: FICA, State and Federal Unemployment Compensation and Workman's Compensation. 831,871

* Also report on other Schedules as required.

X) Account numbers with a suffix "X" could require an adjustment or allocation in reporting amounts from books to Schedule A in conformity with these definitions.

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EXPENSE ACCOUNTS

Routine Expenses

ACCOUNT CROSS
REFERENCE (X)

REPORTING *
SCHEDULE A
LINE COLUMN

ACCOUNT DESCRIPTION

A.
N.
H.
A. R & R

2-5	B	<u>Special Fringe Benefits</u>	888X	815X
7-9, 11		Include the cost of any fringe		
22, 24,		benefits that are not general-		
26 & 28-		ly available to most employees.		
30, 33		Record these costs by the cost		
		center(s) to which the benefit-		
		ing employees are charged.		

General Services:

2	A&B	<u>Management - Hours and Salary</u>	860X, 861	801
		Include the hours and salary		
		for related parties who work		
		at the facility less than 20		
		hours per week. Details of		
		this cost center are on		
		schedule A-1.		

2	C	<u>Management - Fees and Other</u>	866, 869X	813
		<u>Expenses</u>		

Include the costs of manage-
ment services provided by
another party, including
related parties. Include
allocations of home office
expenses to the extent pro-
vided for management services.
Home office expense allocations
must be cost related and made
consistent with medicare regu-
lations.

. Include all cost as detailed on Schedule A-1.	900	815
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. Report auto expense for autos
used primarily by personnel,
in the management center.

. Outside directors' fees and
franchise fees paid for the
facility's right to use a
corporate name. Directors'
fees are allowable to the
extent of \$50 per director
(max, 5) per meeting (max. 4)

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4.19 D

EXPENSE ACCOUNTS

Routine Expenses

REPORTING *
SCHEDULE A

LINE COLUMN

ACCOUNT DESCRIPTION

ACCOUNT CROSS
REFERENCE (X)

A.

N.

H.

A.

R & R

NOTE

3

A&B

Administrator - Hours and
Salaries

861

801

D,

Report the hours, salaries of
the administrator, irrespective
of specific duties performed for
any other functions. (Detailed
on Schedule A-1).

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EXHIBIT 100-1000

ROUTINE EXPENSES

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REPORTING *			ACCOUNT CROSS		
SCHEDULE A			REFERENCE		(X)
LINE	COLUMN	ACCOUNT DESCRIPTION	A.	R & R	NOTES
3	C	<u>Administrator - Fees and Other Expenses</u>	867,871	806,807	
		Report all Administrators costs as detailed on Schedule A-1.	884,888	815,816	
			917,945	829	
			975		
4	A&B	<u>Other Administrative - Hours and Salary</u>	600,610	801,802	E,1
		Include the hours and salaries for assistant administrator(s), accounting and data processing personnel, telephone operators, admitting personnel, chauffeurs, medical records, nursing administration, inservice education and all other administrative and clerical. (Detail on Schedule A-2).	775,862		
			863,867		
4	C	<u>Other Administrative - Fees and Other Expenses</u>	867,869X	805,806	
		Include the remainder of Other Administrative costs, examples of which are as follows:	880-1-884	808,810-	
			890,897	812,814	
			902,910	829,809	
			917-1,		
			917-2,930		
			940,952		
		. Office Supplies and Printing - All Stationery, postage, printing bookkeeping and various office supplies, newspapers and periodicals.	979X,915		
		. Communications - Telephone and telegraph charges for communication and equipment services. Rental fees on general internal communication and paging systems.			

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